GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:499
ANSWERED ON:02.03.2007
PAYMENT TO SUCCESSORS
Jai Prakash Shri

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that in case of death of a sole account holder, payment from his/her account is made to the successors on the basis of succession certification only;

(b) if so, the details thereof;

(c) whether the present system causes a lot of trouble to the successors of the deceased; and

(d) if so, the steps taken by the Government to simplify the procedure in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL):

(a) to (d) Reserve Bank of India (RBI) has observed that the complex procedures, applicable to settlement of claim of a deceased depositor, cause considerable distress to family members. To simplify the process of settlement of claims of deceased depositors, RBI has advised banks to, inter alia, ensure the following;

(i) While making payment to the survivor(s)/ nominee(s) of the deceased depositor, banks should desist from insisting on production of succession certificate, letter of administration or probate, etc., irrespective of the amount standing to the credit of the deceased account holder.

(ii) In case where the deceased depositor had not made any nomination or for the accounts other trhan those styled as `either or survivor` (such as single or jointly operated accounts), banks may fix a minimum threshold limit up to which claims in respect of the decreased depositors could be settled without insisting on production of any documentation other than a letter of indemnity.

(iii) Claims in respect of deceased depositors are settled and payment released to survivor(s)/ (, nominees(s) within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimant(s) to the bank`s satisfaction.

(iv) Wide publicity is given and guidance provided to deposit account holders on the benefits of the nomination facility and the survivorship clause.